

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN MATT MCCANN**, on February 13, 2001 at 8:00 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Matt McCann, Chairman (D)
Sen. Bob Keenan, Vice Chairman (R)
Sen. Tom A. Beck (R)
Rep. Dave Kasten (R)
Sen. Jon Tester (D)
Rep. Steve Vick (R)

Members Excused: None.

Members Absent: None.

Staff Present: Jane Hamman, OBPP
Andrea Hyatt, Committee Secretary
Brian McCullough, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: HB 5; HB 14

CHAIRMAN MCCANN opened the meeting and informed the committee the need to discuss the committee bill on the Department of Justice. **Brian McCullough, Legislative Fiscal Division (LFD)**, gave an overview of the agenda: 1) prevailing wage issue with Architecture & Engineering (A&E) and Department of Labor; 2) bond authorization; 3) deferred maintenance; 4) personal services budget development; 5) draft bill for Treasure State Endowment Program, 6) Department of Justice.

{Tape : 1; Side : A; Approx. Time Counter : 31}

Jane Hamman, Office of Budget and Program Planning (OBPP), their recommendation is that we probably do not need a committee bill. She explained the authority for \$10 million in bonds for the CERCLA program, which assures the federal government that the state has the resources to provide a ten percent match to any federal funds for any necessary site clean-up if there is a significant threat to human health or to the environment. After reviewing it again and talking to the feds, Department of Environmental Quality (DEQ) recommends that we keep the \$10 million. The committee has \$30 million for the water pollution state controlled revolving fund; \$14.4 million has been sold and they could sell another \$5-6 million in the next biennium, bringing it up to \$20 million. Therefore, if we reduced it from \$30 million to \$25 million they are saying that in the next session we would have to come back and increase it again; because by the next biennium they would be doing another \$5-6 million. With the \$20 million for the drinking water revolving fund; it is a new program and has been slow to get started and the applicants have been waiting to take off. They have sold about \$6 million and anticipate to sell \$12-14 million in the upcoming biennium. So if we reduced it from \$20 million to \$15 million; then the next legislature would likely have to increase it again. It could be reduced marginally for two years, but then we would have another bill next session and it doesn't seem to be worth it to us. It is a good idea but it does not work.

{Tape : 1; Side : A; Approx. Time Counter : 54-515}

{Tape : 1; Side : B; Approx. Time Counter : 0-33}

Tom O'Connell, Architecture & Engineering (A&E), provided a handout indicating his recommendations for 1) cash projects; 2) bond projects and 3) the history of the program.

EXHIBIT (j1h36a01) The recommendations for the cash projects in HB 5 on page 1 that are highlighted represent the projects that involve deferred maintenance, life safety, building code, licensure issues and similar issues. He explained further the reason for the choices. The bonded program is shown on page two with the projects highlighted that he felt were important and represent deferred maintenance, building code improvements and similar projects. The third page is the summary of the Long Range Building Program and the history of the funding. He provided information on the funding sources, service debts, administration and projects. The committee had questions answered.

{Tape : 1; Side : B; Approx. Time Counter : 34-450}

The committee discussed funding issues and past use of the cash program. **Tom O'Connell** provided further background. More

questions were answered and the committee discussed further the impact on future funding.

{Tape : 1; Side : B; Approx. Time Counter : 452-515}

{Tape : 2; Side : A; Approx. Time Counter : 0-130}

CHAIRMAN MCCANN commented to the committee if they take and service the general obligation (G.O.) bonds out of the general fund and dump this money back in to the Long Range Program, there is a trade that happens there. In his mind, it kills the bonding projects in the upcoming biennium. He does not know if you could justify past bonding projects coming on-line on general fund and have additional bonding projects in the upcoming biennium. This is a difficult concept to acknowledge. He suggests that today, because of the time line, that the committee write-up the committee bill, but they do not have to act on it today. Discussion followed.

{Tape : 2; Side : A; Approx. Time Counter : 141}

CHAIRMAN MCCANN discussed the need to submit the committee bill today; and he entertained a motion that they submit for a committee bill on the deferred maintenance. **REP. VICK** so moved.

Motion/Vote: **REP. VICK** moved **TO REQUEST A COMMITTEE BILL FOR DEFERRED MAINTENANCE. BE ADOPTED. Motion carried unanimously.**

{Tape : 2; Side : A; Approx. Time Counter : 147}

CHAIRMAN MCCANN informed the committee that this would be discussed again before they take action. Discussion followed.

{Tape : 2; Side : A; Approx. Time Counter : 185-360}

CHAIRMAN MCCANN requested input from the committee regarding the line of credit bill for the Department of Justice computer system. **SEN. BECK** stated he had been informed it was an off-the-shelf system. **Brian McCullough** stated he had heard otherwise. **Larry Fasbender, Deputy Director, Department of Justice,** provided background on the system. **Mr. Fasbender** responded to further questions from the committee. **Dean Roberts, Administrator, Motor Vehicle Division,** provided information on the allocation of the funding received. Discussion followed.

{Tape : 2; Side : A; Approx. Time Counter : 363-515}

SEN. BECK questioned what the funds would buy. **Steve Tesinsky, Administrator, Information Technology Division, Department of Justice** responded.

{Tape : 2; Side : B; Approx. Time Counter : 005-515}

Steve Tesinsky continued his response. **CHAIRMAN MCCANN** questioned some additional funding provided to them each year to continue running. **Jane Hamman** responded. **Larry Fasbender** provided further background. Discussion continued.

{Tape : 3; Side : A; Approx. Time Counter : 0}

The committee continued to ask questions and get answers regarding the cost of the computer system. **Larry Fasbender** explained further their request for \$20 million. Discussion continued. **Jane Hamman** provided an updated Committee Bill that has the date of February 13, 2001 for the committee to review. **EXHIBIT(jlh36a02)**

CHAIRMAN MCCANN stated that the committee would address the bill at a later time and let some good things happen between now and then.

{Tape : 3; Side : A; Approx. Time Counter : 192}

Tom O'Connell, A&E, provided some background regarding using the correct prevailing wage in their contracts; that information is provided by Department of Labor. He had his Contract Officer put together a proposal to address the prevailing wage in contracts and sent a copy to John Andrew in the Department of Labor, but that they have not been able to meet to discuss the proposal.

{Tape : 3; Side : A; Approx. Time Counter : 210}

Russ Katherman, Contracts Officer, A&E, provided a draft bill for the committee to review should they choose to form a committee bill. **EXHIBIT(jlh36a03)** He stated that he has not met with Mr. Andrew to discuss the contents of the draft. He discussed the draft bill and the changes that would address the prevailing wage. They discussed the penalties involved when they use the incorrect prevailing wage and costs to the department. **SEN. BECK** questioned the various wages used including the Bacon-Davis wage. **Jim Whaley, A&E**, explained the history of wages and the changes over the years.

{Tape : 3; Side : A; Approx. Time Counter : 398}

John Andrew, Department of Labor, stated that he had not had the opportunity to meet with Commissioner Foster in any detail to discuss the department's preference for the bill. He then discussed the committee bill; the fiscal impact to the department and that having the rates in the bid documents may have some initial costs, but it certainly answers the concerns of the contractor right up front. The books publish those rates and are available to the contractor, they are also available on the internet. They have addressed complaints in the past; either the contractor or an employee initiates the complaint. He explained further who the department works with besides the state. **SEN.**

TESTER questioned the process for determining the wage rate for a project. **John Andrew** explained their process; that, in some cases, he had a limited staff resource to review contracts. **SEN.**

TESTER questioned if A&E needed all contracts to be reviewed.

Tom O'Connell stated no, that some are more complicated and do crossover in different areas.

{Tape : 3; Side : A; Approx. Time Counter : 467}

CHAIRMAN MCCANN questioned if the bill was warranted. **SEN. BECK** suggested that the bill be drafted but that it might not pass out once they receive more information. **CHAIRMAN MCCANN** stated to prepare the draft bill.

{Tape : 3; Side : A; Approx. Time Counter : 480-515}

REP. VICK provided a handout of a draft bill setting up an interim committee regarding personal services. **EXHIBIT(jlh36a04)** He explained how it allows them to restrict personal services to personal services. **Brian McCullough** provided further background on the purpose of the bill.

{Tape : 3; Side : B; Approx. Time Counter : 006}

Jane Hamman informed the committee that the budget director has indicated that he intends to do this during the interim. We don't know if we need this committee and he might have some concern being under the finance committee the way it is written. He has stated that in preparation for the next session that he is going to do this. Some of the problems that result from this is the separation of powers and dictating what goes in the next executive budget.

{Tape : 3; Side : A; Approx. Time Counter : 17-20}

Motion: REP. VICK stated he is open to either choice; and questioned if we want to keep the committee bill alive. All were in favor of keeping it alive.

Motion/Vote: REP. VICK moved TO KEEP THE COMMITTEE BILL ALIVE THAT CREATES AN INTERIM COMMITTEE TO REVIEW THE BUDGET DEVELOPMENT PROCESS USED TO CREATE THE BIENNIAL BUDGET REQUEST FOR PERSONAL SERVICES, ETC. BE ADOPTED. Motion carried unanimously.

Meeting adjourned.

ADJOURNMENT

Adjournment: 12:00 P.M.

REP. MATT MCCANN, Chairman

ANDREA HYATT, Secretary

MM/AH

4 EXHIBITS

EXHIBIT (j1h36aad)